



Final Medium Term Revenue and Expenditure Framework (MTREF)

Annexure J

IDP, Budget Comments and LG MTEC Assessment 2020/2021

SUMMARY OF COMMENTS RECEIVED FROM IDP PUBLISHING PERIOD: APRIL – MAY 2020

The Draft Integrated Development Plan (IDP) was tabled to Council and has subsequently been advertised for public comment. Below is a summary of all the comments received:

NO.	COMMENT SUBMITTED BY:	COMMENT RECEIVED	RELEVANT DEPARTMENT	RESPONSE
1.	Noetzie Conservancy Owners Association	<ul style="list-style-type: none"> The NCOA has long raised concerns about the state of the gravel road to Noetzie, the lack of suitable baboon-proof waste bins, inconsistent collection of rubbish and the unusable and frequently vandalized public toilets. We also appreciate it is difficult for the Municipality to place priority on our requests when so many are without shelter and access to basic sanitation. For this reason, we believe stronger relationships between communities and the Municipality are critical for progressing mutual aims, which the NCOA would welcome. We hear evidence that Special Rates Areas (SRA) are having some success in this regard in other areas of the Western Cape and we note there is a draft by-law on the Municipality's website. The NCOA would like to see the availability of this SRA vehicle be made a priority for the GKMA. We understand that limited funds are budgeted for Hlalani. It is not clear whether plans are still to ultimately relocate some of this community or to formalize the settlement. We also understand that there is intention to install CCTV cameras at the intersection of the Noetzie Road and the N2, but could not find mention of this in the IDP. We note that Noetzie beach is not listed on the knynsa.gov website with the other parks and beaches. We look forward to the appointment of an effective councillor for ward 9. 	<p>Community Services</p> <p>Integrated Human Settlements</p> <p>IDP</p> <p>Communication</p> <p>Office of the Speaker</p>	<p>Three 770ml bins will be placed at the site with baboon locks. The locks were procured and will be added onto the bins, making refuse collection easier as the compactors will be able to empty these bins</p> <p>The approved Business Plan for the 2020/21 financial year provides for 50 units to be undertake – relocations to TRA; raft foundations and slabs as well as top structures(BNG units) An amount of R396000.00 has been placed on the 2020/21 capital budget for CCTV cameras</p> <p>This will be rectified on the website</p>

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		<p>beyond repair in the June 2017 fires. These need urgent attention. This equipment has been thoroughly documented by the Brenton Owls Disaster Committee and is available to assist KFD.</p> <ul style="list-style-type: none"> ○ There should be a figure for an annual inspection and maintenance (including replacing damaged hoses, valves etc.) of all fire hydrants in the Brentons. ○ The Brenton's are at risk in the event of a fire or other disaster. We have experienced wildfires in 2009, 2016 and 2017 - as well as a number of fires along the rail line in previous years. It takes 30mins for emergency services to get to us and we usually get cut off in the event of a fire. In all but the 2016 fire, residents have had to be the first respondents and have fought the fire using existing hydrants etc., until the fire services could get through. We have joined the SCFPA and are currently activating the Uitzicht FMU. ○ It would therefore make a lot of sense for the municipality to budget for firefighting equipment for substations in the Brentons. <ul style="list-style-type: none"> ● Coastal tourism and recreational access routes: <ul style="list-style-type: none"> ○ Brenton on Sea area has a number of beach access pathways down the steep foredune that are in a state of disrepair. These pathways need to be properly repaired in order that the municipality meets its obligations in terms of the National Environmental Management Integrated Coastal Management Act in the provision of equitable and safe access to the coast. This is also critical to sustain a vibrant tourism industry in Knysna and the Brentons. The Brenton Beach walkway all but collapsed in December 2017 as a result of the high tides and erosion. The Environmental Department tried to get Provincial aid 	Community Services	<p>Fire hydrant inspections and maintenance take place yearly as well as before the start of the fire season.</p> <p>This is part of the SCFPA maintenance schedule for this year. The landowner was also informed by means of a notice, she is currently obtaining quotations.</p> <p>This will be ideal but risk assessment will determine this as well as the frequency of fires.</p> <p>Coastal Management Planning Policy development will be addressed in conjunction with the district municipality and relevant provincial department.</p> <p>Appropriate budget for the Brenton Walkway has been made.</p>

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		<p>with regard to this. But were not successful. Therefore as a matter of urgency and public safety, Knysna Municipality needs to budget for an evaluation and maintenance / repair on the walkway.</p> <ul style="list-style-type: none"> ○ The walkways that join the roads between Agapanthus and Watsonia Streets and Agapanthus and the beach area were damaged in the fire and need repair and maintenance. The walkway and public areas at Jaap se Baai and at Die Blokke also need funds allocated for repair and maintenance. ○ Touch up jobs that take place are not sufficient and a proper budget and schedule need to be put in place. ○ Fishermans Walk: A Fisherman's Walk Management Plan was drawn up by Nicci Mander of Future works at no cost to the Municipality. The Planning Dept had issues with the Plan and till to date there is no proper Plan or Planning for The Fisherman's Walk. We request that this be relooked at and funds made available from the IDP for repair / maintenance and scheduled cleaning to take place on Fisherman's Walk. ○ Assistance with expenses occurred for Blue Flag applications: Brenton continues to be awarded Blue Flag Status, but with the bare minimum Blue Flag requirements. If we are to be considered a first class Blue Flag Beach and Knysna Municipality continues to apply for this status, which has massive Tourist spend connitations, then the facilities and Blue Flag requirements need to have money spent on them and be in top class condition. We cannot keep relying on patch up jobs to keep this prestigious status. This includes the awarding of the lifesaver's tender and lifesaver's hut. 		<p>A big portion of the walkway was replaced during the 2019/20 financial year. Normal maintenance of walkways are budgeted for in the 2020/21 financial year.</p> <p>Development of bylaws for enforcement of management plans will be done internally by the Environmental Management Department.</p> <p>An amount of R300 000 has been placed on the 2020/21 capital budget for lifeguard towers</p>

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		<ul style="list-style-type: none"> ○ The Knysna Municipality also needs to address coastal access along the edge of the Knysna Lagoon. In the Brentons there has been an ongoing war between local residents and recreational users, landowners and property developers where access along the edge of the lagoon has been closed off. The Knysna Municipality has an obligation in terms of the National Environmental Management Integrated Coastal Management Act to ensure equitable and safe access to coastal resources and therefore needs to undertake a comprehensive process of securing such access along the lagoon edge in the Brentons and elsewhere. ● Roads and Parking infrastructure: <ul style="list-style-type: none"> ○ Completion of the overhaul of the intersection at Captain Duthie and Lake Brenton road. This has been an area of concern for 4 years now and till before the lockdown nothing has been done. Proper signage, vehicle slowing methods, road markings and warning signs still need to be erect ○ Mountain Rose Road in Brenton on Sea needs to be resurfaced. ○ Roman Road in Lake Brenton has been the subject of a major area of degradation and the municipality has only ever implemented short term repairs to this area. The road needs to be properly repaired. ○ All roads in the Brentons need to be professionally assessed for re-surfacing and a re-surfacing programme rolled out over the next 5 years. ○ The far end of Capt Duthie needs to be tarred. Residents have been requesting this for years ○ Complete revamp of the intersection of the N2 and Brenton turn off road – previously known as Lightleys intersection, opposite Lagoonview 	<p>Technical Services</p> <p>Technical Services</p> <p>Technical Services</p> <p>Technical Services & Community Services</p>	<p>A provision has been made in the budget for the repair and the maintenance of roads. When the maintenance plan for the year is being draw up all areas of the municipality will be considered.</p> <p>All roads in the Municipality have already been professionally assessed and the resurfacing programme will be informed by the by that assessment.</p>

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		<p>Nursery. Signage, paving, vegetation, roads and cleanliness need attention.</p> <ul style="list-style-type: none"> ○ Failure to properly maintain the verges presents a major safety risk to all residents of the Brentons given that the road needs to be operable for evacuation in a wildfire situation. The firebreaks cut along this road on private property by SCFPA last year are not being maintained and a proper plan with associated resources is needed. The municipality needs to assist with developing and enforcing local by-laws that ensure residents are adequately protected in terms of evacuation routes etc. ○ The municipality should also address with Eden the joint establishment of a pedestrian / cycle way from the viewpoint at the top of CR Swart Road (looking over Buffels Bay) into Brenton on Sea, as there are many workers and tourists / recreational users that put themselves at risk on a daily basis cycling and walking along this section of road. ○ The unpaved public parking areas at Brenton Beach are in a poor state. Buses servicing beach visitors and the Brenton Haven Hotel frequently get stuck and have to be towed out at great expense. These parking areas need to be assessed and appropriate surfacing and storm water management put into place. ○ Storm water run-off in Agapanthus Road Brenton on Sea: this is impacting on the servitude from Agapanthus to the Beach area. There is no proper storm water drainage in the area, the water cannot be channeled into the sewage water lines. Possibly a soak away area can be created at the end of Agapanthus Road. A site visit is required. ○ Storm water run-off in Dolly Raats near the Ridgeway development: this was an area of massive destruction 	<p>Community Services</p> <p>Technical Services</p> <p>Technical Services</p> <p>Technical Services</p> <p>Technical Services</p>	<p>Consideration will be given to various applications for cycle paths in the Municipality as soon as a budget is available</p> <p>A site inspection will be carried out to determine the extent of the problem and possible solutions.</p> <p>.</p> <p>A site inspection will be carried out to determine the extent of the problem and possible solutions.</p> <p>A site inspection will be carried out to determine the extent of the problem and possible solutions.</p>

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		<p>due to erosion after the June 2017 fires. As the vegetation has grown, the problem is less evident. However if there are periods of prolonged hard rain, it will become a big issue. This area needs to be assessed.</p> <ul style="list-style-type: none"> ○ Assistance with Working for the Coast Funding. This funding is essential in maintaining residential and tourist areas in Lake Brenton and Brenton on Sea • Brenton Reuse Site/Wetland area: <ul style="list-style-type: none"> ○ A waste separation, garden refuse chipping and composting facility needs to be established at the Brenton Dump Site, which has now been closed for disposal. This is a priority to address the rapid escalation of illegal dumping in the bush around the Brentons, resulting in major fire risk, damage to internationally important biodiversity and a degraded environment that could impact negatively on property values and tourist use of the area, which is occurring since the dump closed. The dumping issue has escalated since the June 2017 fires. ○ The other concern in this area is the quality at the water at Brenton Wetland. There is obviously a problem somewhere in the system if fecal matter and high E.coli counts have been measured in the wetland water. The sewage plant at in this area is clearly not working properly and the natural run off wetland is running dry. It is also full of fecal matter and E.coli. We have requested that this wetland be added to the monthly water testing list – this has not been done. This area is going to become a health problem. • Lake Brenton – The Woods: <ul style="list-style-type: none"> ○ Sewage issue with developer and Knysna Municipality. Leonie Du Preez has undertaken to deal with this issue with Knysna Municipality. The Woods 	<p>Community Services</p> <p>Planning & Development</p> <p>Technical Services</p>	<p>The site is being decommissioned and will be rehabilitated. This process will take approximately 2-3 years to be finalized. The decommissioning process is already in process, in the 2020/21 financial year, partial rehabilitation will take place. This process will be subjected to a public participation process as well. Knysna Municipality have 2 active Garden disposal facilities: 1. Sedgefield and Old Place, which are sufficient as per Provincial: Waste Department. The situation of Illegal dumping of garden waste within the Brenton area, the department will be dealt with in regards to the IWM By-law, under illegal dumping and issue a fine through our Law Enforcement Section</p> <p>The Municipality does regular testing at the Waste Water Treatment Works to ensure compliance and will do random sampling at the Brenton Wetland.</p>

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3.	Leisure Isle Residents Association	<ul style="list-style-type: none"> We request KM to make sufficient funds available in the budget to facilitate active enforcement of the by-laws relating to anti-social behavior, the consumption of alcohol in public and traffic violations on Leisure Island. We request adequate provision is made for the additional costs of Law Enforcement and Traffic personnel that may be required to implement the above, including the use of road blocks on George Rex Drive and additional deployment that may be required on Leisure Island during the busy periods. We request urgent budget allocation be made for interim repairs required to the seawall and eroding dunes at Bollard Beach. We request provision be made for the urgent repairs to other island infrastructure – particularly the need for tarring of critical roads, the ongoing repair of potholes and eroding road edges. We request budget be allocated for the ongoing maintenance of public open spaces including, but not limited, to Thornely Park and Green Hole. 	<p>Community Services</p> <p>Community Services</p> <p>Technical Services</p> <p>Technical Services</p> <p>Community Services</p>	<p>The ownership of the seawall is still to be determined. A formal process has started between the Municipality and SAN Parks and should be concluded shortly.</p> <p>A provision has been made in the budget for the maintenance of road infrastructure in the municipality.</p>
4.	South African National Parks (Maretha Alant)	<ul style="list-style-type: none"> The COVID-19 pandemic was mentioned on page 239 of the 2020/2021 Draft IDP and perhaps more attention should be given to the current disaster situation. Conserving and managing our natural resources through updating our IDP, SDF, zoning schemes, service master plans and other relevant activities is included in the Mission Statement of the Knysna Municipality. The phrase “To promote a safe and healthy environment through the protection of our natural resources” was mentioned many times in the IDP under Parks & Recreation Services, Protection Services, Fire & Rescue Services, Disaster Management, Waste Management, Basic Service delivery, Transforming Human 		The protection of natural resources is mainstreamed into various planning instruments, including the IDP, SDF and Zoning Scheme.

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		<p>Settlements and under Environmental Conservation. The protection of natural resources part of the sentence received limited attention.</p> <ul style="list-style-type: none"> • SANParks is concerned that biodiversity conservation and the importance of functional ecological infrastructure, especially in the context of climate change was not addressed in a comprehensive manner in the IDP. The Environmental Conservation section makes some reference to conservation objectives but it is fairly vague. SANParks suggests that specific objectives are included to promote the values of a health environment e.g. clean water, clean air, river health, estuary health and functional natural ecological infrastructure. • SANParks supports the interventions on page 25 in principle but it is not clear when and how these projects will be implemented. SANParks proposes that a timeline or delivery dates are added to the strategic objective tables. <ul style="list-style-type: none"> ○ Page 25 Interventions bullet 3. Develop a comprehensive Climate Change Adaptation Strategy - The development of a comprehensive Climate Change Adaptation Strategy is strongly supported and should be included in the budget. ○ The 2016 National Protected Area Expansion Strategy (NPAES) states that: "Healthy natural ecosystems can increase resilience to the impacts of climate change, by allowing species to adapt as naturally as possible to the changes. They also buffer human settlements and activities from the impacts of extreme climate events". Climate change adaptation should include maintenance and restoration of functional ecological corridors (refer to NPAES, 2016). ○ Page 25 bullet 10: prioritize areas in accordance with long-term conservation objectives and what needs to be done in which time frame to ensure these objectives - Existing datasets are available and were 		<p>The development of a draft climate change adaptation strategy will be done in conjunction with the district municipality and province. It is prioritized in the Service Delivery and Budget Implementation Plan for the next financial year.</p>

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		<p>included in the SDF on page 26 to include:</p> <ul style="list-style-type: none"> ▪ Listed threatened ecosystems based on the National Environmental Management: Biodiversity Act (Act 10 of 2004) ▪ Critical Biodiversity Areas 1 and 2 as indicated in the Western Cape Biodiversity Spatial Plan (2017) ▪ Garden Route National Park Expansion Areas <p>○ SANParks suggests that the wording is changed to: "Implement the spatial policies A, B and C and policy guidelines on pages 29, 30, 31, 32, 33, 34, 35 of the SDF."</p> <ul style="list-style-type: none"> ▪ In coastal zones, river-wetland- estuary catchments, critical biodiversity areas and veld fire risk areas, land use must be effectively managed to secure environmental resources, systems and ecosystem services, mitigate the risk of natural disasters to life and property and improve climate resilience ▪ Manage the growth of urban settlement in Knysna to ensure the optimum and efficient use of existing infrastructure and resources and in turn, secure the Municipality's fiscal sustainability and resilience, while preventing further loss of natural and agricultural assets and functional ecosystems services. ▪ Manage the Municipal area in a manner that supports sustainable resource use. <p>○ Page 25 bullet 5: Effective implementation of an alien vegetation eradication programme on state and</p>		<p>The SDF is already an integral part of the IDP. The cross referencing is not required.</p> <p>Comment is noted.</p>

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		<p>privately owned land - We strongly support this intervention.</p> <ul style="list-style-type: none"> ○ Page 25 bullet 7: Implementation of an incentivized green rebates policy - We strongly support this intervention. Compliance with the National Veld and Forest Fire Act No. 101 of 1998 and National Environmental Management: Biodiversity Act No. 10 of 2004 could be a condition. ○ SANParks takes note of the service delivery and infrastructure backlogs experienced by communities in the municipality's area of jurisdiction, housing waiting lists and aging infrastructure. ○ SANParks recommends that ecological infrastructure is added as a separate point under basic service delivery in Table 9.2 below. The concept of a National Ecological Infrastructure and Natural Resource System was included as one of the five National Spatial Development Levers in the draft 2019 National Spatial Development Framework (NSDF). This creates a strong basis for ensuring that South Africa's wealth of biodiversity assets and ecological infrastructure is harnessed to contribute to development and provide benefits to people. The National Biodiversity Assessment 2018 underscores the significant contribution that biodiversity and ecological infrastructure make to the economy and job creation in particular. ○ Page 204. A comprehensive Strategic Environmental Assessment (SEA), which has a strong focus on biodiversity and conservation, will be drafted at the conclusion of the review process of the Knysna SDF - SANParks strongly supports the development of a comprehensive Strategic Environmental Assessment (SEA). The SEA should be included in 		<p>The concept requires comprehensive research for inclusion in the document.</p> <p>There are several other priority interventions that will require budget prioritization over the MTREF period, before an SEA can be prioritized.</p>

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		<p>the budget. SANParks should be included in the development of and commenting on the Integrated Coastal Management Plan if it has any reference to the Knysna estuary or surrounds.</p> <ul style="list-style-type: none"> ○ Page 204. SANParks AND Cape Nature have a Biodiversity Sector Plan (2010) for the Garden Route, which is incorporated into the SDF - The reference should be the Western Cape Biodiversity Spatial Plan (2017). Refer to SDF comment regarding the incorporation of the Western Cape Biodiversity Spatial Plan (2017) into the SDF. It is not such an easy process. ○ Page 19. Natural Capital, Treats bullet 1: Slow recovery of burn scar may result in topsail being washed away, which will irreparably sterilize the slopes. Fire induced soil changes have the potential to increase flooding and erosion, which have downstream effects on water quality and aquatic habitat. Landslides will impact on river in terms of sediment deposition which will impact on species on mud flats, which may impact on fishermen who collect bait - We recommend that this statement is deleted as it lacks logic and that it be replaced by a reference to the current and increasing threats to natural capital. Please add: Infrastructure development in wetlands, on coastal dunes, in critically endangered ecosystems and in high hazard areas for extreme climate events should be avoided. ○ Page 21. Strategic Objective: To improve and maintain current basic service delivery through specific infrastructural development projects - SANParks supports the following interventions under sanitation: <ul style="list-style-type: none"> ▪ Feasibility study to convert Knysna WWTW to a waste-to-energy plant and improve 		Comments are addressed in the SDF responses table.

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		<p>capacity, supply grey water to industries as well as improve effluent quality</p> <ul style="list-style-type: none"> ▪ Feasibility study to establish an additional WWTW at the Windheuwel site. <p>We recommend that bullet points are added:</p> <ul style="list-style-type: none"> ▪ Implement an effective maintenance plan for the Knysna WWTW and undertake upgrades as required to prevent pollution of the Knysna Estuary. ▪ Mitigate against pollution of the rivers from human activities as well as pollution of the Knysna estuary caused by influx from the polluted rivers as well as the WWTW and CBD storm water channels. ▪ Commit to monitoring the effects of municipal infrastructure on the Knysna estuary (and other natural areas). This will pave the way for accountability in the Estuary Management Plan which need to be compiled soon. <ul style="list-style-type: none"> ○ Page 22. Challenges - Water Supply - We noticed that alien clearing was not mentioned as an intervention under water supply. We recommend that a bullet point is included to: <ul style="list-style-type: none"> ▪ Facilitate the implementation of alien clearing programmes along river systems via partnerships and incentives to landowners. ○ Page 32. NDP objectives <ul style="list-style-type: none"> ▪ Have environmental sustainability and resilience ▪ Set a target for land and oceans under conservation. ○ The Knysna Municipality strategic objective is: "To create an enabling 		

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		environment for social development and economic growth". Conservation was not mentioned as in the NDP and the default is always "To promote a safe and healthy environment through the protection of our natural resources".		
5.	Knysna United	<ul style="list-style-type: none"> • A forensic audit into the affairs of the Knysna municipality, especially the finance department; • Charges should be laid against any official who have their hand in the misappropriation of funds of the Knysna municipality. The investigation should be done by SAPS and Treasury of both National and Provincial government; • We want the immediate end of cutting of electricity; • Council must keep its promises to write of peoples arrears as promised when they were coerced into taking prepaid water meters; • We want the removal of all prepaid water meters from all houses in Hornlee; • We want houses for all people in Hornlee who have been on the housing waiting list for more than 10 years. • All asbestos roofs must be replaced as a matter of urgency; • We demand better treatment of our people especially in the finance department; • The total eradication of backyard dwellers in Hornlee, White Location& the Greater Knysna; • The speedup with building houses in Hornlee; • The use of local contractors and workers in building the houses; • The immediate provision of emergency housing in Hornlee, Heidevallei, Salt River and other areas where our people were removed. • We also want to reiterate our stance on prepaid water meters and that every poor household must get a water tank; • We want our land back at Heidevallei, Salt River and other areas and want the municipality to assist us with the process; • Many of our fathers have livestock and we want communal grazing land for our animals; 		

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		<ul style="list-style-type: none"> We want a police station for Hornlee; We want a place of safety for women and children in Hornlee; We want the municipality to confiscate any house that is used for criminal activity, e.g. selling drugs or buying stolen goods. 		<p>The request for a satellite police station in Northern Areas and Hornlee was escalated to the relevant sector department (Western Cape Department of Community Safety and SAPS) for consideration</p> <p>There is currently no budget provision for a place of safety of women.</p>
6.	Knysna United	<ul style="list-style-type: none"> The removal of all prepaid water meters in Knysna, especially in the poorer communities. Providing every poor household with a water tank. The removal of all asbestos roof from houses which the municipality provided in the poor communities. The building of the new Clinic at the Hornlee sports field A police station for Hornlee the total eradication of backyard dwellers in Hornlee The speed up of building houses, including emergency houses in Hornlee (all the different modules). Building of houses for the Hornlee community in Heidevallei The cleaning and rehabilitation of the Bigai river Making land available for community gardens, including areas for live sock in Hornlee and the greater Knysna area The building of a Multi-Purpose center in Ward 11 The use of the present Hornlee clinic for a place of safety for women and children Establishing a Flee market in Hornlee The municipality must give business more SMME in Knysna The provision of robots of the Hornlee and Nekkies stops The upgrade of Cathy park (on both sides of the road) for recreational purposes 		<p>Solid Waste Department is coordinating an inter-departmental intervention to address pollution of the Bigai Stream.</p> <p>An application for funding will be prepared</p> <p>Informal trading sites can be reviewed and market day opportunities revisited.</p> <p>The use of the present Hornlee clinic for a place of safety for women and</p>

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		<ul style="list-style-type: none"> We found that our mothers and fathers must travel huge distances to get to work in areas like Hunters Home while there are different roads that could be opened and drastically shorten the distances. Examples are roads between Hornlee West and Hunters Home, Rykmans Hoogte and Fisher Haven, Roads between Industrial Area and Old Place and the Old Bospad between Concordia and Old Place. Many prime properties/ facilities are leased at the expense of the majority of people to previously advantaged people. We understand that the municipality is busy with increasing that and do that without following proper due processes. We call on the municipality to stop those illegal practices and to open it to everyone. 		<p>children is currently not feasible as the premises still house the clinic.</p> <p>Currently there is no budget provision for the upgrading of Cathy Park</p> <p>The Road between the Industrial Area and Old Place has been opened.</p>
	Knysna Accommodation Association (KAA)	<ul style="list-style-type: none"> All accommodation establishments are closed and we have no idea as to when we will be able to reopen for trade. We would therefore propose that you keep the property rates unchanged for the 2020/2021 budget period. Please ensure that all AirBnB establishments are included in your 1 – 8 room definition of accommodation. Information on the AirBnB's in the Greater Knysna Area is readily available. The tourism sector is under much pressure. We have generally had to drop rates by approx. 20% to attract the domestic market which will be the first market to recover this year. Pressure is also being brought to bear by international tour operators to hold 2020 rates through to 2021. So revenues drop and our costs increase! 	FINANCE	<p>The Municipality tried to keep rates and service charges to the 2019/20 baseline however this became impossible due to the following reasons, Electricity is determined by NERSA outside the control of the Municipality, Water and Sanitation there's additional increasing costs in relation to sanitizers ,testing of temperature and PPE for staff which are compulsory due to covid 19 .The Municipality tried to keep increases as low as possible the Property rates ,Water and Sanitation all will increase by 3% ,Electricity in terms of NERSA guidelines and Refuse will increase by 12%</p>

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		<ul style="list-style-type: none"> We are delighted that Dr. Gratz has been appointed as Acting MM for a further 3 months! Would be great to have her as a permanent appointment as MM <p>We take note of the post on the KM Face Book page on Monday with regards to the freezing of salaries and allowances for Councillors as well as the remuneration packages of the directors, managers and the non- payment of performance bonuses. Thank you for taking these actions!</p> <p>We note that you will also be approaching the Bargaining Council for exemption of the payment of the 6.25% increase for full time municipal employees. We thought that this was a given but if not we hope you will be successful.</p> <p>How many staff members are on suspension for one reason or another? This is a huge burden on your fiscus and all suspensions, etc. need to be brought to finality as soon as possible, i.e. 1st July 2020 when the new budget period commences.</p> <p>The Staff cost at R295m plus contracted services of R207m is excessive. There is absolutely no way we should be using contractors from out of the Greater Knysna Area/Garden Route Municipal District! We recognize that contractors in Knysna do charge higher rates than say contractors from the Eastern Cape, but KM at least has a tighter control on the quality of work and ensuring the local contractors, whom you already know, keep to the agreed deadlines</p> <ul style="list-style-type: none"> Technical services receive the bulk of funding and thereafter Electrical services. Planning & Development's miserly R6,8m is ridiculous. This is the department that should be receiving a larger piece of the pie as they are responsible for bringing new business to the town and thus trying to ensure that the town is not only reliant on tourism! 		<p>We have cut back on employee related cost by freezing all vacant positions, Councilors and Senior Management are not taking the normal increases and no performance bonuses will be paid .The Municipality will apply to SALGA for exemption in relations to the collective wage salary agreement</p> <p>In terms of the Constitution municipal responsibility is to provide basic municipal services and environment with a proper infrastructure in conducive and attract environment and development in town, therefore development is the result of provision of basic infrastructure no investment or development will come to</p>

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		<ul style="list-style-type: none"> Formal accommodation providers, trading under normal circumstances, are generally paying for water consumption in the highest block. Please could consideration be given to increase the amount of KL in each block or provide another block between the highest level. Please confirm that we will not be charged punitive charges when we go into the various drought levels. We were given the undertaking that these amounts had been absorbed into the per KL amount charged during the previous budget period. 		<p>any town if there's no development</p> <p>The Municipality tried to keep rates and service charges to the 2019/20 baseline however this became impossible due to the following reasons, Electricity is determined by NERSA outside the control of the Municipality, Water and Sanitation there's additional increasing costs in relation to sanitizers ,testing of temperature and PPE for staff which are compulsory due to covid 19 .The Municipality tried to keep increases as low as possible the Property rates ,Water and Sanitation all will increase by 3% ,Electricity in terms of NERSA guidelines and Refuse will increase by 12%</p> <p>Knysna Municipality promotes the notion of reduce, re-use and recycling of waste and is continuously looking at innovative ways to increase the value chain of recyclable waste materials. Funding has been made available in the 2020/21 budget to expand on existing recycling initiatives. After the COVID-19 nationwide lockdown entrepreneurs which include Knysna Accommodation Association will be invited to engage with the Waste Management department to demonstrate</p>
		<ul style="list-style-type: none"> We understand that KM has to transport the town's garbage to Mossel Bay, but waste has a value and we should be using the waste proactively, i.e. building bricks (we have submitted a proposal on this previously) or pellets for the tarring of our roads. Let's put our garbage to WORK and create employment! It could well turn out to be a revenue generator. Perhaps public/private participation could work well! 		

NO.	COMMENT SUBMITTED BY:	COMMENT RECEIVED	RELEVANT DEPARTMENT	RESPONSE
	Isola Bella Guest House	<ul style="list-style-type: none"> Request to change the rating of the property tariff from Business to residential 		<p>innovative recycling technologies in this regard</p> <p>The Municipality tried to keep rates and service charges to the 2019/20 baseline however this became impossible due to the following reasons, Electricity is determined by NERSA outside the control of the Municipality, Water and Sanitation there's additional increasing costs in relation to sanitizers ,testing of temperature and PPE for staff which are compulsory due to covid 19 .The Municipality tried to keep increases as low as possible the Property rates ,Water and Sanitation all will increase by 3% ,Electricity in terms of NERSA guidelines and Refuse will increase by 12%</p>
	Tommie Bolton Chief Town and Regional Planner; Department: Agriculture, Land Reform & Rural Development	<ul style="list-style-type: none"> Letter from the Department of Agriculture, Land Reform and Rural Development all comments refers to the Knysna SDF. Letter attached. 		All properties are billed in terms of the property rates act
	Sedgefield Ratepayers & Residents Association	<p>1 - A deficit of some R 42 million is shown between Cash and Expenditure , but this shortfall is not substantiated.</p> <p>2 - The item "Other Expenditure " shows an increase of appr.44 % over the 2019/2020 budget , but there is no explanatory note,</p> <p>3 - As Knysna is heavily dependent on Tourism Income , it was noted that no item appears to have been included for Tourism Marketing , or is it to be assumed that this will be as for the period 2019/2020 ?</p>		The Municipality tried to keep rates and service charges to the 2019/20 baseline however this became impossible due to the following reasons, Electricity is determined by NERSA outside the control of the Municipality, Water and Sanitation there's additional increasing costs in relation to sanitizers ,testing of

NO.	COMMENT SUBMITTED BY:	COMMENT RECEIVED	RELEVANT DEPARTMENT	RESPONSE
		<p>4 - The value for the provision of the so-called "Free Services " appears not to have been included .</p> <p>5 - General ,</p> <p>5.1 - Economists are predicting an increase in the unemployment numbers of up to 50 % , with a corresponding expected drop in GDP of between 8 and 12 % .Under such predicted economic circumstances it surely is vital that the Municipal Budget is trimmed to the most prudent and conservative balance between Revenue and Operating Expenditure.</p> <p>5.2 -.In line with this National need for financial stringency , we propose that the Municipal Employees Pay roll be trimmed by some 10 % .This could be achieved by the freezing of vacant posts for the foreseeable future and minimum annual Wage and Salary increases and bonuses .</p> <p>5.3 - Any expenditure on Capital Projects to be considered only if largely funded by Provincial ,National or other Government institutions .</p> <p>5.4 - Service infrastructure maintenance to be based on performance audits and limited to essentials only .</p> <p>5.5 - In order to assist Ratepayers and Residents during these demanding financial times , rates ,service charges, fees and tariffs should be kept at 2019/2020 levels.</p> <p>5.6 -.Reduce the margin on Electrical Bulk supply , which at present shows an apparent increase of some 44 %.</p> <p>5.7 - Obtain the maximum possible Covid19 relief funding from central Government to assist this Municipality in providing for it's residents through these extra-ordinary and unprecedented times .</p>		<p>temperature and PPE for staff which are compulsory due to covid 19 .The Municipality tried to keep increases as low as possible the Property rates ,Water and Sanitation all will increase by 3% ,Electricity in terms of NERSA guidelines and Refuse will increase by 12%</p> <p>We have cut back on employee related cost by freezing all vacant positions, Councilors and Senior Management are not taking the normal increases and no performance bonuses will be paid. The Municipality will apply to SALGA for exemption in relations to the collective wage salary agreement. In terms of the Constitution municipal responsibility is to provide basic municipal services and environment with a proper infrastructure in conducive and attract environment and development in town, therefore development is the result of provision of basic infrastructure no investment or development will come to any town if there's no development</p>
	Keith Killops - Sedgfield	<ul style="list-style-type: none"> BUDGET SUMMARY – Table A1 There is a substantial drop reflected in investment income/revenue year-on-year (47.5 per cent) and I would guess that relates to the reported cash problem that the municipality has currently and which has built over the past few financial years. Whatever the causes, the projected Cash to Expenditure ratio is very weak (for 		<p>The Municipality tried to keep rates and service charges to the 2019/20 baseline however this became impossible due to the following reasons, Electricity is determined by NERSA outside the control of the Municipality, Water and</p>

NO.	COMMENT SUBMITTED BY:	COMMENT RECEIVED	RELEVANT DEPARTMENT	RESPONSE
		<p>2020/21 a deficit of around R42million is forecast) and I would suggest that this position is in no way sustainable.</p> <ul style="list-style-type: none"> Questions must be asked as to why this position arose? Were projects funded with cash rather than longer term loans for example? Other sources of cash generation simply have to be found and sustained. Any business or organisation is at risk if its cash position is not sound. <p>OTHER EXPENDITURE</p> <ul style="list-style-type: none"> There is a figure of R445,689K for "Other" expenditure for which I could not find a further detailed breakdown in the draft budget documentation that I examined on the Municipal website. This is an increase of approximately 18.2 percent for the same expenditure line for the current financial year. The related details are obviously required with together with explanation. <p>TARIFFS</p> <ul style="list-style-type: none"> I focused on some of the aspects that affect Domestic/Private residents and home owners in this Draft Budget. The proposed Solid Waste/Refuse Tariff increase for 2020/21 is approximately 12 percent year-on-year. Even if SA's economy was on a real growth path, this is an excessive increase in percentage terms and well over average inflation. As a pensioner on fixed annuity income I am pleased to see that most of the current Rebates and other Relief measures are being retained in the forecast budget. However, an official in the Finance Directorate appears have added a comment in the Draft Budget that the tariff relief/rebate on Waste Water and Sanitation should be discontinued. The other tariffs have been increased over the current rate of inflation (4.5 – 5 percent year-on-year). A relatively high exception is the Electricity for Domestic/Private residents and home owners where the 		<p>Sanitation there's additional increasing costs in relation to sanitizers ,testing of temperature and PPE for staff which are compulsory due to covid 19 .The Municipality tried to keep increases as low as possible the Property rates ,Water and Sanitation all will increase by 3% ,Electricity in terms of NERSA guidelines and Refuse will increase by 12%.</p> <p>We have cut back on employee related cost by freezing all vacant positions, Councilors and Senior Management are not taking the normal increases and no performance bonuses will be paid. The Municipality will apply to SALGA for exemption in relations to the collective wage salary agreement. In terms of the Constitution municipal responsibility is to provide basic municipal services and environment with a proper infrastructure in conducive and attract environment and development in town, therefore development is the result of provision of basic infrastructure no investment or development will come to any town if there's no development. Other Expenditure we have already implemented cost cutting measures by cutting non priority spending Councilors also approved the Cost Containment Policy and adopted the Cost Containment Regulation</p>

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		<p>forecast increase is 9 per cent. From the Draft Budget documentation the gross margin on bulk supply cost is forecast at 44 per cent apparently, more than enough room to keep this tariff flat, year-on-year, I suggest.</p> <p>OTHER</p> <ul style="list-style-type: none"> • The Government has already announced large fiscal packages to sustain some of the essential elements of our economy and provide some basic social needs for the poor and vulnerable. In the circumstances created by the COVID-19 pandemic, I don't believe the Government has any choice but to support Provincial and Local Government too. The public will not be able to carry municipalities entirely on their limited and stressed financial resources. • Given the negative financial position that South Africa finds itself and well as all Government structures inclusive of Local Municipalities nationally, I strongly suggest that the following actions amongst several others be considered by the responsible Municipal Directorates to bring about cost savings as well as increased efficiencies: <ul style="list-style-type: none"> • - Reduce payroll costs by a minimum of 10 percent; • - Cut all but essential staff/officials recruitment with all staff appointments to be approved by Council; • - Maintain focus on Capital Projects funded by Central and Provincial Government; • - Perform inspection audits on all services infrastructure to determine where operating maintenance is essential and where safe, postpone other non-essential maintenance projects; • - Keep Service Charges, Fees, Rates and Tariffs flat, ie identical to the current 2019/20 financial year; • - Reduce the margin on Electricity Bulk services for 2020/21 (forecast expenditure 		

NO.	COMMENT SUBMITTED BY:	COMMENT RECEIVED	RELEVANT DEPARTMENT	RESPONSE
	MS Campbell	<p>is R206,632K and the corresponding revenue R298,608K, ie currently the gross margin on cost is forecast at approximately 44 per cent);</p> <ul style="list-style-type: none"> • - Examine all operational procedures and processes to determine where unnecessary bureaucratic processes can be streamlined or eliminated. • In closing I wish to share that in my over 44 years in business (the majority of which was in the IT corporate and government sectors), there were times where serious expenditure cuts were required in line with forecast revenue reductions in the then prevailing negative market conditions. However I have never seen circumstances such as these which face all South Africans currently and which will probably endure for much of the next decade. I suggest there is nobody globally that can say that they have experienced the socio-economic situation that faces all of us right now. • The World has changed and continues to do so. South Africa will not avoid this change. Government and particularly Local Government will have to honestly engage and work with the communities that it is responsible to serve. It would be wise and indeed essential that we combine our collective experience, knowledge and skills to tackle these massive challenges (and the opportunity potential) together. Perhaps Knysna Municipality should consider a working committee to re-draft much of the 2020/21 Budget on such a co-operative basis. <p>VACANT LAND Knysna is not taxing vacant land at higher rate than developed land, in spite of the established international best practice that vacant land should be rated at a higher rate. Property rates in most urban areas are charged at a significantly higher rate on vacant stands than on</p>		<p>The tariff on vacant land was reviewed last year and it was decided to reduce the tariff in order to encourage people to build so that they can have sufficient capital to build</p>

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		<p>ordinary, residential properties. The reason for this is to motivate the landowner to develop the land and to obtain utilities (e.g. water and electricity) from the council.</p> <p>Local governments often set higher rates for vacant land in urban areas on the basis that, aside from increasing revenue, it may have further benefits such as reducing speculation, incentivising land transactions to ensure an overall more efficient usage of a scarce resource. It also promotes densification and helps curb urban sprawl.</p> <p>The Local Government: Municipal Property Rates Amendment Act of 2014 enables municipalities to levy a higher rate on vacant land.</p> <p>Rating vacant land at a significantly higher rate will have a positive impact on the income of the municipality and should encourage owners of vacant land to develop the land or to sell to a buyer who will develop the land</p>		<p>without the burden of high rates cost</p>
		<p>RATES REBATES FOR NEW BUSINESSES</p> <p>The Director of Finance has the discretion to grant a 100% rates rebate on a property on which a business operates where the owner/business is new to the municipality.</p> <p>3.1.12 "New Business incentive rebate" means a rebate granted, on a declining scale, on a property used for a new business brought to the Knysna municipal area.</p> <p>The definition excludes existing business where:</p> <p>3.1.12.1 change of ownership occurred</p> <p>3.1.12.2 name change occurred</p> <p>3.1.12.3 current business operations are expanded.</p> <p>Although the intention behind this rebate may be good, the rebate is contrary to the provisions of the Act.</p> <p>Even if it were lawful, the policy directives must be much clearer defined as it leaves far too much discretion in the hands of the CFO. It also does not inform potential investors of the likelihood that they may benefit from this rebate.</p>		<p>This rebate has been reviewed and it will no longer be applicable as from July 2020</p>

NO.	COMMENT SUBMITTED BY:	COMMENT RECEIVED	RELEVANT DEPARTMENT	RESPONSE
		The declining scale at which the rebate will be reduced is also not included in the tariffs or the policy		



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STRATEGIC INTEGRATED MUNICIPAL ENGAGEMENT: LG MTEC 2020

Knysna Municipality

7 May 2020

Financial Sustainability

Table 8 - Financial ratios and norms



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Financial ratios and norms	PT Comments	Municipality Comment
Capital Expenditure Budget Implementation Indicator: 95 – 100%	The ratios for period under review are outside the National Treasury norm of 95% - 100%. This is an indication that the municipality is unable to spend its capital budget. The credibility of a 2020/21 capital budget should carefully be analyzed.	<ul style="list-style-type: none"> - Each financial year, had various reasons. - 2017 performance at 83% due to Project Management consultant tender delays on Major TS projects. - 2018 improved to 93% as most senior positions were filled and municipal tenders of project management was in place. - 2019 NT gave additional funds against the NDPG in March 2019 that KM couldn't spent otherwise initial allocation fully spent. MIG Charlshford project delays. Vehicles tender delayed to the new year due to financial constraints in the current year. - 2020 MTREF capital budget was accurately analyzed with Service departments to ensure only service delivery projects that are implementable are prioritized and considered in the draft budget. Most of these projects are already running from the current financial year.
Repairs and Maintenance as a % of Property, Plant and Equipment, Investment Property (Carrying Value): 8%	The ratio results deteriorated year on year and is not within the National Treasury norm of 8%. The municipality should revise its asset maintenance plans to prevent assets from speedy deterioration, consequently not reaching the desired end of their respective useful lives. The MTREF Budget Table SA10, audited years results are not in line with the AFS ratio calculations. The municipality need to relook at this. Furthermore, in the outer years, the ratio is still not within the desired norm of 8%.	<ul style="list-style-type: none"> - The repairs and maintenance is currently reflected does not take into account labour costs component. - The Municipality does not have a costing system and therefore does not account for labor component in repairs ad maintenance - Most of the Municipal assets need total refurbishment and upgrade hence there need for more capital on new assets than repairs on existing assets.

Financial Sustainability



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Financial ratios and norms	PT Comments	Municipality Comment
Net debtors' days: ≤ 30 days	The ratio results deteriorated year on year. The ratio remains outside the NT norm of 30 days. Delays in collecting cash from debtors has a ripple effect in the payment of creditors, in this case, creditors are also not paid within the legislated timeframes. Debt collection policies must be enforced to improve this ratio.	<ul style="list-style-type: none"> - KM has opted to use a combination of debt collector for debt over 90 days and internal staff for 30 to 60 days by further equip its Credit control section - The SLA for debt collectors have been revised and signed to ensure more focus on handed over debt. - Cash is monitored on weekly basis. - There has been no period where KM couldn't pay its creditors within 30 day period as reported in monthly section 71 reports. The challenge is with the registering the date of receipt of the invoice vs the date of invoice. - Debt collection policy is now enforced and there is a buy in from Councilors than previously. - KM has embarked on Water prepaid management system project where all conventional meters are converted to prepaid. There are problems experienced however these are addressed on individual basis. - KM is also finalizing the conversion of the 3000 conventional electricity meters to be converted to prepaid
<p>Cash/Cost Coverage Ratio (Excluding Unspent Conditional Grants): 1 - 3 months</p> <p>And</p> <p>Current Ratio: 1.5 - 2:1</p>	There is a deteriorating trend year on year, however it is still within the National Treasury norm of 1 - 3 months. The municipality have limited cash resources to pay its monthly obligations and will need to grow its cash resources for sustainability purposes. These ratio results per the AFS are in line with audited SA8 MTREF Budget. However, the ratio results in the outer year of the MTREF budget, cash coverage depicts a negative growth trend. The municipality needs to relook at this and address any causes for this unsustainability picture.	<ul style="list-style-type: none"> - KM is fully aware of the 2 outer years presenting cash decrease as tabled in the 2021 MTREF budget. - There is further cost cut that are being considered before the final draft budget is presented to council for approval. - KM is further reviewing its rebates on certain category of customers and such will be incorporated in the final tariffs. - COVID-19 will pose a serious challenge in terms of ability of customers to pay and this is being considered with certain proposals to be submitted to council on 7th of May 2020 - All KM Departments to review reliance on consultant/ contractors and perform most functions internally with more focus on productivity rather than increasing staff

Financial Sustainability



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Financial ratios and norms	PT Comments	Municipality Comment
Contracted Services as a % of Total Operating Expenditure: 2% - 5%	<p>The ratio results have fluctuated year on year and is above the National Treasury norm of 2% - 5%. The significant change might be due to classification changes brought about by the implementation of a new chart of accounts.</p> <p>Furthermore, looking at the employee costs ratio, it appears that the municipality is substituting the internal capacity constraints with contracted services. It is imperative that the municipality analyses its contracted services to find ways to reduce this expenditure .</p>	<ul style="list-style-type: none"> - Contracted services is reviewed vs Employee related costs. - The classification has resulted in this increase and NT norm need to be revised to be in line with classification of chart of accounts - However contracted services is being reduced in the whole institution and where it is proven cheaper to perform the task internally contracted services will be reduced. - Big portion of the money related to maintenance of various municipal assets across Council and this is discussed continuously. Followed by building mainly housing contractors then Security Services. E.g. roads work is about R29m - This increases year-on due to vandalism of Municipal assets and illegal land invasion
Irregular, Fruitless and Wasteful and Unauthorized Expenditure/Total Operating Expenditure: 0%	<p>The ratio deteriorates year-on-year and significantly outside the National Treasury norm of 0%. The significant increase is attributable to R121 million irregular expenditure incurred in 2018/19. The municipality is encouraged to investigate the root causes for the increase in this ratio and start implementing strategies to curb again the perpetual increase.</p>	<ul style="list-style-type: none"> - KM is in process of investigation and submit report to Council for consideration 7 May 2020. - Unauthorized expenditure is at 0% while fruitless and wasteful expenditure decrease from R199k to R53k - It be noted that R116 m of the R121 m on irregular expenditure is as a result of AG interpretation on composition of BAC and Piggy back contracts. Taking this into account this category of expenditure has decreases substantially

Financial Sustainability



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Table 9 - Past Audit Budget Outcomes

PT Comments	Municipality Comment
<p>It should be noted that there are misalignments between the annual budget tables, mSCOA data strings and the Annual Financial Statement that requires verification and seamless alignment. In this regard the municipality should prioritise the correct submission of the 2019 PAUD and AUDA data strings</p>	<ul style="list-style-type: none"> - KM is aware of the misalignments for the past 3 financial years and are quantifiable. - Donovan Stuurman was of an assistance in addressing most of these issues as we've submitted Memo to PT and NT in this regard and took more than a year to get response from 6 March 2020 only. - All budget/IDP strings are green status however national report, provided yellow status which was inaccurate. KM informed PT thereof. - We are attending to the misalignment submitted by PT to us for the 2021 MTREF tabled budget. - Bad Debts is one of the queries we have raised: it is mapped to Other expenditure like we would in GRAP, but treasury wants it for validation purposes under debt impairment.

Review of the Budget Assumptions



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4.3.3 Operating Revenue Budget

Findings, Risks and Recommendations	Municipality Comment
Revenue sources remain under strain which is depicted in the operating deficit of R14.01 million budgeted in 2020/21 from a budgeted surplus of R18 000 in 2019/20. It is noted that the operating deficits are diminishing over the 2020/21 MTREF and a surplus of R40 million is projected for the 2022/23 financial year. Although operating deficits does not automatically indicate a negative financial position, it is symptomatic of financial imbalances and therefore budgeting for surpluses is necessary to avoid cash and liquidity difficulties	<ul style="list-style-type: none"> - KM is putting measures in place to ensure that it goes back to its healthy financial position gradually: - Aggressive debt collection to ensure improvement on outstanding debt collection. - Cost cutting measures are already being implemented for none priority items - Reviewing categories of customers and pensioners receiving rebate and assess affordability of such rebates.
Refuse tariffs - The Municipality is advised to continue to investigate waste management alternatives, including increased recycling to reduce the cost burden on the ratepayers. Indigent households receive free refuse removal	<ul style="list-style-type: none"> - Through the revenue enhancement KM saw the need to acquire a systematic bins with a chip that will be distributed to businesses as there was a significant loss of revenue in this category. - A number of business not paying for services eg: using black plastic bags for their collection as the tariffs are based on number of bins per property and General workers are informed that picking up of black rubbish bags will be phased out. - The bins have been rolled out to business and revision of the by law and policy is being undertaken.
Interest on outstanding debtors - is planned to increase by 5 per cent in 2020/21 and 5 per cent in the two outer MTREF years which shows limited improvement to collect outstanding debt. As per the 2018/19 Annual Financial Statements an amount of R18.24 million was written off as irrecoverable debt	<ul style="list-style-type: none"> - This was mainly on Water debtors accounts and KM embarking water prepaid management will significantly reduce increased interest on water outstanding. - With the implementation of the prepaid system the debt will not be increasing as per previous financial years.

Review of the Budget Assumptions



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Findings, Risks and Recommendations	Municipality Comment
<p>Reliance on grant funding - The supporting A-Schedule (SA18) does not reconcile fully with the Division of Revenue Bill 2020 and the Provincial Gazette No. 8217. As per Schedule SA18, the National allocation amount for Local Government Financial Grant in 2020/21 is incorrect, the Provincial - LG&H grant should be correctly named as Integrated Housing and the Human Settlements Development Grant figures are incorrect</p> <p>As per SA21 the Municipality plans to transfer R3.56 million to organizations of which R1.55 million will be transferred to the Island Conservancy G in 2020/21</p>	<ul style="list-style-type: none"> - KM SA18 cannot be aligned to the DORA allocation gazetted simply due: <ul style="list-style-type: none"> - Two grants gazetted as allocations in kind that KM will not receive directly is the R5 million for NDPG Technical Assistance as well as R500k for MSIG - R4 million of the R56 million gazetted for Housing relates to indirect grant that PT directly implements (White location 2017 June Disaster houses burned) - KM received late last year separate allocation from PT Housing gazetting Director Housing Salaries for three years. KM used this allocation to budget for the Director's salary. - The NT Financial management grant gazetted to KM is R1.550; R1.550 and R1.771 million for the 3 years of the tabled MTRED and reflects as such on SA18 - The R1.55 million is certainly not for the Island Conservation alone. R1.5 million is allocation as Grant in aid to all beneficiaries qualifying and only R50k to the Island Conservation as per contract entered with them for the maintenance of the conservation.

Review of the Budget Assumptions



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4.3.4 Operating Expenditure Budget

Findings, Risks and Recommendations	Municipality Comment
Concern is raised with the overall operating expenditure growth of 8.1per cent in 2020/21 which exceed the 4.5 per cent growth in operating revenue and resulting in an operating deficit which signify that the available revenue sources are insufficient for the budgeted operational expenditure	<ul style="list-style-type: none"> - This PT will note when comparing budget and AFS from 2014/15, there was significant reduction in Debt impairment as expenditure and not sufficient provision provided for hence debt impairment had to be accurately provided for to be align with the 2019 audited outcome as well as current years most projected non-collection % of each service. - This is one of the areas that significantly increases expenditure.
Employee Related Costs- Notwithstanding the reduction in personnel, cell phone allowances will increase by 73.3 per cent in 2020/21. The Municipality is to ensure that compensation demands are balanced with the broader needs of the community	<ul style="list-style-type: none"> - The statement is incorrect, ONLY councilors receives cellphone allowance as per their package and we've seen a drop when comparing 19-20 to tabled budget. - All other officials do not receive cellphone allowance as all has cellphones through contract entered with Vodacom - PT to elaborate on 7 May 2020
Remuneration of Councilors' - is projected to decrease by 1.2 per cent in 2019/20 which does not align to the planned increase in number of councilor positions from 21 in 2019/20 to 26 in 2020/21 as per SA24. Further explanation is required	<ul style="list-style-type: none"> - The HR report increased the staff compliment to 26 as it took the number of supporting staff in the office of Council while the salary budget of these officials is under normal STF or staff component otherwise the number of ONLY councilors positions should be 21 and all supporting staff to be reported under Municipal Employees
Depreciation and asset impairment - is expected to decrease by 11.9 per cent from R31.28 million in 2019/20 which is not consistent with the projected increase in the asset summery as per budget Table A9. Deprecation is a replacement for the measurement of the rate of asset consumption and although a non-cash item it should still be factored into tariff setting and revenue projections to replace, renew or upgrade the infrastructure when the useful life thereof has been exhausted	<ul style="list-style-type: none"> - KM will relook the tabled budget and proposed capital additions for the 2021 MTREF, depreciation figures will take into account the additions tabled and all other changes thereof.
Contracted services - It is recommended that the excessive projections of expenditure items be reviewed in line with past trends and service delivery needs to ensure that the limited resources and public funds are appropriately utilised and ensuring value for money and maximising the quality and quantity of services is achieved. Furthermore, an integrated asset management strategy is imperative and repairs and maintenance need to be prioritise in order to achieve service delivery objectives and prevent costly deterioration of the condition of	<ul style="list-style-type: none"> - 40 per cent of contracted services relates to maintenance of municipal assets and this is mainly for tenders that has been awarded already. - 22 per cent relates to the building of RDP Housing and this allocation mainly Housing grant.

Review of the Budget Assumptions



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4.3.5 Capital Budget 2020/21 MTREF

Findings, Risks and Recommendations	Municipality Comment
<p>The Municipality failed to complete the budget Schedule SA36 to list the detail capital budget</p>	<ul style="list-style-type: none"> - KM completed partly SA36 and has submitted on the pdf annexure 1 with all other supporting tables. The following are reasons why partly completed: <ul style="list-style-type: none"> - MTSF and IUDF are always considered when KM prepares submission of IDP strings. Temporary solutions is KM will ensure that budget TB has these two requirements built up front. - GPS Longitude and Latitude. KM does not have all its assets mapped through GIS and not all that information is readily available and foresee not being in position at least the next two years. - We will provide the SA36 on excel version on final budget.
<p>National and Provincial grants - The Municipality should correct the alignment of Schedule SA18 to reconcile to the Division of Revenue Bill 2020 and the Provincial Gazette No. 8217</p>	<ul style="list-style-type: none"> - The figures disclosed on SA18 are correct the problem that PT should rather advise and assist is the balances between A4 (Transfers and subsidies – capital) and A5 (Transfers and subsidies – capital). <ul style="list-style-type: none"> - During tabling of budget A4 was VAT inclusive while A5 was VAT exclusive. - For the final budget KM recognised the VAT separately with the same segments and will NOT be disclosed on A4 in order to balance to A5

Review of the Budget Assumptions



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4.5 mSCOA Implementation

Findings, Risks and Recommendations	Municipality Comment
Although all segments are used, they are not used correctly and the asset management module is not fully implemented. The following represent a summary of the mSCOA segment analysis	<ul style="list-style-type: none"> - KM sat with Service Departments during the period of lock down to correct all project naming as well as maintenance segments with individual managers, this will reflect during final budget as we're still in process of opening all mSCOA shortcodes. - Security Services – that is unfortunately a true reflection as vandalism against municipal assets has increased significantly over the years and requires more safe guarding
National and Provincial grants - The Municipality should correct the alignment of Schedule SA18 to reconcile to the Division of Revenue Bill 2020 and the Provincial Gazette No. 8217	<ul style="list-style-type: none"> - The figures disclosed on SA18 are correct the problem that PT should rather advise and assist is the balances between A4 (Transfers and subsidies – capital) and A5 (Transfers and subsidies – capital). <ul style="list-style-type: none"> - During tabling of budget A4 was VAT inclusive while A5 was VAT exclusive. - For the final budget KM recognised the VAT separately with the same segments and will NOT be disclosed on A4 in order to balance to A5
<p>The Adopted 2020/21 IDP Amendment</p> <p>Should make reference to how the 7 priorities of the Medium Term Strategic Framework 2019 – 2024 and the Western Cape Government's Vision Inspired Priorities aligns to the strategic focus areas of the Municipality.</p> <p>Should reflect on the issue of Agri-processing as a catalyst for economic growth and job creation.</p>	<ul style="list-style-type: none"> - The alignment will be included in the Final IDP - All planned economic and employment activities relating to Agri-processing will be reflected in the Final IDP
<p>Should include a detailed high level SDBIP indicative of key performance areas and targets to be achieved over all quarters of the 2020/21 financial year.</p> <p>It is recommended that the IDP budget should illustrate what capital projects and programmes derived from or informed by the SDF are being implemented, in addition linking to respective strategic</p>	<ul style="list-style-type: none"> - Draft SDBIP has been drafted for sign-off by Acting MM as for Council noting by end May - Await planning responses

Review of the Budget Assumptions



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4.5 mSCOA Implementation

Findings, Risks and Recommendations	Municipality Comment
<p>Waste Management Planning The municipality does not have a designated Waste Management Officer . The municipality's 3rd generation IWMP meets the minimum requirements as stipulated in NEM: WA and will be endorsed by the Department. The IWMP needs to be fully integrated and adopted with the 2020 IDP review</p> <p>A 2nd waste data verification was conducted for Old Place Garden Waste Treatment on 15 October 2019 and the result was unsatisfactory .</p> <p>The Knysna Municipality IWMP is currently in a draft format and will be submitted to Council soon for approval. The Municipality has a 2006 by-law related to Control over Refuse Removal and Disposal Sites, but it is not aligned with the NEM: WA.</p>	<ul style="list-style-type: none"> - The item of a designated Waste Management Officer served at the section 80 committee meeting dated 11 Feb 2020. Item were supposed to serve at the Council meeting of 26 March 2020 however the Ordinary meeting of that specific day were postponed and only a Special Council meeting took place. - An action plan of non-compliance issues were forwarded to The Department of Environmental Affairs and Development Planning
<p>The Municipality has implemented a two-bag system, have swop shops, e-waste and organic diversion initiatives in the area. Knysna has participated in Education and awareness campaigns, Waste Management in Education schools programme as well as participation in industry driven waste awareness campaigns and competitions, Door-to-door awareness & education campaign and the Development of recycling and Communications Plan to develop more effective ways of explaining to residents how waste should be separated and what can be recycled.</p>	<ul style="list-style-type: none"> - Final Plan served at Section 80 committee meeting dated 11 February 2020 – included comments from public as well as the comment from DEADP - Plan served before Mayco dated 05 March 2020 - Plan was supposed to serve before Ordinary Council on 26 March 2020 however the meeting were postponed and only a Special Council meeting was conducted. - KLM have a 2014 Waste By-Law which is partially comply to the Model by Law as presented by Province - 3 bag system: (1) Black bags /wheelie bins for domestic waste (2) Clear bag for recyclable material (3) Blue bag for green waste

Review of the Budget Assumptions

4.5 mSCOA Implementation



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Findings, Risks and Recommendations	Municipality Comment
<p>Waste Management Licensing</p> <p>The Municipality currently uses the transfer station to package waste for transport to the PetroSA. The rest of the Waste management is conducted predominantly using the Knysna (Old Place) Garden Refuse Facility (GRF) and the Knysna Waste Transfer Station (WTS). Brenton-on-Sea WDF is closed, no disposed at the Facility. The Sedgefield Reclamation Facility is currently being operated by a service provider. Knysna Municipality would have access to the Garden Route Regional Waste Management Facility (WMF) in the future, the availability of the capacity to dispose of waste will depend on the commissioning and operation of the Garden Route regional WDF.</p>	<ul style="list-style-type: none"> - Currently the global recycling industry is faced with over supply of certain items which means there is more waste paper available than there is use for it. - China is no longer taking waste (recyclable items) from other countries. They have sectioned imports since 2018 and this has left and overstock in local and international markets. - Markets for newspaper, magazines, common mix papers and tissue paper have seen a total collapse. Recyclers will therefore not be able to sell these products on the market for the next five years (predictions). Cardboard which is a high recyclable material has also been reduced in value and that is having a financial impact on recyclers. - The Municipality is still committed in promoting recycling and therefor urge residents not to stop the process. The smallest amount of waste reduced safe landfill airspace as well as disposal / transport.
<p>There are no internal audits submitted for these facilities . A departmental audit was conducted at Old Place GRF on 23 January 2020 and the facility received a compliance score of 59.5 per cent whilst, Sedgefield Reclamation Facility received a compliance score of 64.7 per cent. Both WMF's need improvements due to their amber status of compliance.</p>	<ul style="list-style-type: none"> - DEADP recently provided training to Natalie Salmons and Noluthando Nakani on compiling internal audits on waste facilities – 26 February 2020 - Hadjira Peck - Directorate: Waste Management ,Department of Environmental Affairs and Development Planning – case officer for waste facilities within provided the training

Key Findings

Spatial Planning



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Findings, Risks and Recommendations	Municipality Comment
Key Findings & Recommendations: Spatial Planning	<ul style="list-style-type: none">- Agri- Processing:- The draft operating budget makes provision for agricultural sector support which addresses the municipality's efforts to support agri-processing as a catalyst for economic growth.- Brown-Field Development:- The SDF caters for urban densification and the development of existing municipal buildings to create affordable housing opportunities as part of the gazetted restructuring zones should be prioritised.
	<ul style="list-style-type: none">- Remote Development:- The proposed extensions to the urban edges of Karatara and Rheenendal caters for the expansion demand of the respective settlements. However the investment into these expansions will need to be informed by the opportunities for economic growth.

Key Findings

Bio Diversity and Climate change



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Findings, Risks and Recommendations	Municipality Comment
Key Findings & Recommendations: Biodiversity & Climate Change	<ul style="list-style-type: none">- Alien Clearing: Budget provision has been made for Natural Resource Management which includes the reduction of fuel loads and management of alien invasive species on municipal properties.- CBA & SEA: The municipality notes the recommendation to amend the categorisation of Critical Biodiversity Areas and Ecological Support Areas as Core 1 and/or Core 2 as per the Western Cape Biodiversity Spatial Plan (207) Handbook.
	<ul style="list-style-type: none">- Climate Change: The municipality's intention to develop a climate change adaptation plan, will be incorporated into the SDBIP.

Sector Plans

Sector Plans



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Sector Plans	Municipality Comment
Disaster Management Plan	<ul style="list-style-type: none"> - Disaster Management Plan was tabled together with the draft IDP at the Council meeting of 26 March 2020 - Advertised for public comment - No comments have been received - The final Disaster Management Plan will be included in the IDP/budget item to be tabled to Council end of May 2020
Integrated Waste Management Plan (IWMP)	<ul style="list-style-type: none"> - Final IWMP served at Community Services Section 80 committee meeting dated 11 February 2020 – included comments from public as well as the comment from DEADP - Plan served before Mayco dated 05 March 2020 - Plan was supposed to serve before Ordinary Council on 26 March 2020 however the meeting were postponed and only a Special Council meeting was conducted. - The final IWMP will be included in the IDP/Budget item which is scheduled to be tabled to Council at the end of May 2020
Air Quality Management Plan (AQMP)	<ul style="list-style-type: none"> - AQMP was advertised for public comment - no comments received - Workshop conducted with Councilors on AQMP in February 2020 (done) - The final AQMP will be included in the IDP/Budget item which is scheduled to be tabled to Council at the end of May 2020